

Congresswoman Doris Matsui Announces New Lending Program for Sacramento Small Businesses

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CONTACT: Alexis Marks or Mara Lee

(202) 225-7163

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Interest-Free Loans Available Immediately as Part of Economic Recovery Package

Washington, D.C. – Sacramento-area small businesses suffering financial hardship as a result of the slow economy may be eligible to receive temporary relief to keep their doors open and get their cash flow back on track through interest-free loans under a new program created by the American Recovery and Reinvestment Act (ARRA), Representative Doris Matsui (CA-05) announced today.

Rep. Matsui said the new loans are part of Democrats’ ongoing work to help rebuild the economy, acknowledging that, “There are many small businesses throughout Sacramento that we know can be successful and self-sustainable in the long term if they receive proper assistance to help them navigate through this tough economic climate. That’s exactly why we created this initiative. The America’s Recovery Capital (ARC) program gives Sacramento entrepreneurs the flexibility they need to pay their bills, meet payroll, and play a critical role as job creators for our economic recovery.”

The newly launched ARC program beginning today allows small firms to take out loans of \$35,000 to pay down existing business debts. ARC loans are interest-free to the borrower, 100 percent guaranteed by the Small Business Association (SBA), and have no SBA fees associated with them. To qualify for the ARC loans, small firms must demonstrate they are experiencing immediate financial hardship due to the economic downturn, but are otherwise deemed by the SBA to be viable. The loans will be made by commercial lenders and can be used for payments of principal and interest for existing, qualifying small business debts like credit card obligations, mortgages, lines of credit, and balances due to suppliers, vendors, and utilities.

Congresswoman Matsui said that in addition to the ARC loan program, the ARRA contained other measures aimed at helping small firms access credit. For instance, the legislation increases the percentage of a loan that the SBA can

guarantee and makes SBA-backed loans more affordable. It also provides tools to unfreeze the small business credit markets, helping our small companies access capital at affordable rates.

“Small businesses are our nation’s most reliable job creators, consistently generating seven out of ten new jobs here in Sacramento and across the country,” said Rep. Matsui. “If our community is going to recover, we need entrepreneurs to start emerging and growing again. Together with other provisions of the Recovery Act, these America’s Recovery Capital loans will free up capital and put more money in the hands of local small business owners at a time when they need it most.”

To apply for ARC loans, businesses should visit local SBA-approved small business lenders. The loans will be available through September 30, 2010, or until appropriated funding runs out. Additional information about the ARC loan program is available at <http://www.sba.gov/recovery/arcloanprogram/index.html> or by contacting the Sacramento SBA District Office, located at 6501 Sylvan Road, Suite 100 in Citrus Heights, or by calling (916) 735-1700.

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